

WORKING CAPITAL FUND BOARD

Minutes of the Meeting

May 17, 2006

I. Introductions

The Board Chair, Howard Borgstrom, called the meeting to order. The Chair recognized two recent retirees, Dorsey Hibbitts (NNSA) and Fred Madison (MA contractor) for their contributions to the success of the Fund.

II. March Meeting Minutes

The Board adopted the minutes of the March 8 meeting without comment. The Chair took up issues that remain open from that meeting, namely:

- a. **External Independent Reviews** – Board Secretary, Robert Emond, discussed efforts after the March meeting to answer concerns raised by Board members and to outline procedures that would address these issues. The Board approved the pricing policy which follows: **The WCF will bill program customers in the month sub-tasks are authorized and funded for program specific project reviews equal to the amount obligated on the contract. When the review is complete, any amounts remaining uncoded will be credited back to the appropriation account initially charged.**
- b. **SEET** – The Chair presented the report on the internal control review of the SEET program to the Board and the Board requested that the Chair to obtain MA, HR, and CF responses on recommendations for improving management.

III. Second Quarter 2006 Report

The Chair presented an overview of the Second Quarter FY 2006 Report. The fund operated with net earnings of -\$0.7 million or 1.5% of earnings. He reported that the financial condition of the fund is sound and businesses are operating in a manner that will ensure they break even for FY 2006. In keeping with Board policy, most accounts are fully funded for the year. All businesses have sufficient obligation authority and no business is over-obligated. Budget estimates are consistent with past estimates and billings are consistently on-time.

IV. Blue Book Update (Policies and Procedures)

The Chair announced that a thoroughly updated publication of the *WCF Policies and Procedures* (Blue Book) will be available on the Web next week.

V. Reports from the Working Groups

- a. **Desktop** - Diane Friis (SSA) presented the findings of the working group and recommended to the Board that the pricing policy for the virus and decontamination charges be changed to allocate those charges in the same manner as Network Infrastructure, that is, lan lines. Further, these and the remaining segments of the Desktop business be merged into the Network business. After discussion, the Board approved the following pricing policy change for the Network business: **The "full cost" of Networking infrastructure is to be recovered by the Networking business line through a pro rata allocation of total estimated service costs, based upon the most recent available inventory of Headquarters Network Infrastructure connections (lan lines) at all Headquarters facilities. In addition infrastructure costs related to virus and decontamination protection for desktops should be charged to headquarters accounts based on the same allocation method. Desktop hardware repairs not covered in eXCITE will be charged to customers based on actual time and material expenses. Applix and physical decontaminations will be charged to customers based on usage.** (The DOEnet pricing policy is unaffected.)

The Board added that for DOE Staff offices, increases to current annual estimates for desktop virus charges can be excused.

- b. **Corporate Training** - Susan Beard (GC) presented the findings of the working group and recommended that the Board raise a \$150,000 investment as working capital for the business to allow adequate time to schedule courses and raise the daily rate for attending courses from the current policy of \$100/day to \$200/day. After discussion the Board adopted the following pricing policy: **Headquarters Professional Skills training will be billed at a rate of \$230/day for course attendance. Of this amount \$30/day will be set aside of working capital in the business until the cumulative collection equals \$150,000. At that time the business will revert to billing \$200/day for course attendance.** The Fund Manager is directed to make \$150,000 funding available to the business for working capital and the new pricing policy goes into effect immediately.
- c. **I-MANAGE /Internal Control Reporting** – Warren Huffer presented the findings of the working group to the Board. The group could not agree to raise the billing rates for STARS. After discussion the Board declined to increase their program direction costs; they are operating under tight budget target constraints and suggest that this activity should be centrally financed. The Board recognizes that this issue will probably be resolved by senior DOE officials in subsequent budget discussions. The Board asked the Chair to express the concerns of program offices regarding

expanded charges to program direction accounts for corporate systems operations and related activities.

- d. **Building Improvements** - Louis D'Angelo presented the Board with a request to increase the building improvement bill to \$4 million in FY 2008, and increase of \$1 million over the FY 2007 allotment. This increase is required to continue building improvements (Louis presented the Board with several years of accomplishments) in an environment of increasing construction costs. The Board approved the increase without exception.
- e. **News Clippings** – The chair presented a proposal to finance a contract for news clippings in the Copy business line based on subscriptions to the service. The Board approved the proposal without exception. The pricing policy of the business will be changed by adding the following: **The Copy business line can bill customers for news clippings based on subscriptions to the service.**

VI. The Board voted to adjourn.

Representing the Board

Chair Howard Borgstrom
SSA Lesley Gasperow
EM Jim Simpson
NE Lang Soo Hoo
SC John Alleva
EI Steve Durbin
GC Susan Beard

PI Jon Mathis
EH Katherine McCulloch
HR Jody Hudson
NA Teresa Tyner
FE Chuck Roy
RW James Phillips

Attendees:

Warren Huffer – CF
Gerard Pinkney - MA
Maria Jones - FE
Barbara McNeal - CF
Bob Emond - CF
Ronald Mayo - CF
Jeff Rubenstein - MA
Louis D'Angelo – MA
Diane Friis – SP
Kevin Hagerty - CF

Tony Nellums – MA
Mary Anderson – MA
Marilyn Khan – CF
Deborah Black - MA
Steven Rossi - MA
Willie Mae Ingram – MA
Dallas Woodruff - MA
Rebecca Neal - PA